

INFORMATION LETTER

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NATIONAL CANNERS ASSOCIATION

For Members
Only

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House Ways and Means Committee Provides Complete Retroactive Exemption of Canned Fruits and Vegetables from Renegotiation

Provisions Excluding All Contracts From Renegotiation Included in 1943 Revenue Act

On November 18 the House Ways and Means Committee finally reported to the House the bill which is to be the basis for the Revenue Act of 1943. In Title VII of this proposal, numerous amendments to the renegotiation statute are proposed. Of particular interest to canners are the following provisions, relating to renegotiation of Government contracts, which are somewhat different from those originally agreed upon and reported in the INFORMATION LETTER for November 13, at page 7934.

Subsection (1) provides that:

"(1) (1) The provisions of this section (i.e., renegotiation) shall not apply to—

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"(C) any contract or subcontract for an agricultural commodity in its raw or natural state, or if the commodity is not customarily sold or has not an established market in its raw or natural state, in the first form or state, beyond the raw or natural state, in which it is customarily sold or in which it has an established market, or any contract or subcontract for canned, bottled, or packed fruits or vegetables (or their juices) which are customarily canned, bottled, or packed in the season in which they are harvested. The term 'agricultural commodity' as used herein shall include but shall not be limited to—

"(i) commodities resulting from the cultivation of the soil such as grains of all kinds, fruits, nuts, vegetables, hay, straw, cotton, tobacco, sugar cane, and sugar beets;

"(ii) saps and gums of trees;

"(iii) animals such as cattle, hogs, poultry and sheep, fish and other marine life, and the produce of live animals, such as wool, eggs, milk and cream;

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Effective Date Is Changed

The Committee had originally agreed that amendments affecting the area of renegotiation were to relate to contracts entered into in 1943 or later. This would have limited the exemption to later fiscal years and would have

continued renegotiation for the earlier years. In the bill reported on November 18, however, the Committee specifically provided that:

"The amendments inserting subsections (1) (1) (C) and (1) shall be effective as if such subsections had been a part of section 403 on the date of its enactment."

This change in the effective date of the amendment will, if enacted, retroactively exempt contracts for the purchase of seasonal fruits or vegetables or their juices, and probably most types of canned fish, from any renegotiation.

An analysis of the remaining changes proposed in the House bill, particularly those affecting the excess profits tax, will be published in the INFORMATION LETTER at a later date.

CONTINGENCY RESERVES RELEASED BY GOVERNMENT

WFA Urges Canners to Offer Products First to Dealers That Are Short in Supplies

The War Food Administration has authorized the Quartermaster to release the contingency reserves of canned pineapple, asparagus, corn, pumpkin, spinach, and figs. Peaches, peas and catsup contingency reserves were released November 2.

FDO 22.4 requires canners to reserve two lots for the Government. The lot known as the specific reserve will, in most instances, be taken in its entirety. The contingency reserves, however, were to be purchased by the Government only in the event they were needed. The Government's latest estimates of its requirements indicate that

(Concluded on page 7952)

Further Explanation of OPA Wage Adjustment Program

Allowance Differs as between Formula Priced and Flat Priced Items

The program under which adjustments for wage increases will be granted to processors of fruits and vegetables, announced on November 12 by the Office of Price Administration, was published in last week's INFORMATION LETTER. The Association, on Tuesday, issued a bulletin explaining the method OPA will use to compensate for wage increases granted both by the War Labor Board and through the 40-cent minimum requirement of the Wage and Hour Division. Later, OPA issued a supplemental announcement explaining that no such adjustments would be made on civilian sales of green peas, snap beans, corn, tomatoes, tomato products, peaches and pears. The Association has prepared a further explanation of the OPA wage increase allowance program, text of which follows:

OPA has indicated by its release of November 12 its desire to speed up the authorization to adjust certain prices to cover—

(1) Wage increases approved by the War Labor Board

(2) Wage increases from 30 cents to 40 cents an hour, pursuant to the order of September 14 under the Fair Labor Standards Act, which became effective October 18.

It is assumed that canners in the 20 States listed in the OPA release already have been authorized to adjust their prices for most canned fruits and vegetables to cover approved WLB wage increases. The OPA release of November 12 sets forth the conditions under which canners in other States, who have paid WLB approved wage increases, may apply to OPA for authority to adjust their prices. This authority, when granted, will be the same as that granted to the canners of the other 20 States, which is briefly as follows:

Price adjustments on government sales only for a group of major products (peas, corn, snap beans, tomatoes, tomato products, peaches and pears).

Price adjustments for all sales including both government and civilian sales, of a second group of minor products (practically all other canned fruits and vegetables).

The OPA policy for authorizing price adjustments for approved wage increases differs as between flat priced and formula priced items. In the case

of flat priced items (corn, peas, tomatoes, snap beans, spinach, and other greens, asparagus, and red sour cherries) OPA authorizes adjustments that apply to all canners within a State. Thus, a canner who had not paid the wage increase has, in this instance, been granted the price adjustment. Before authorization has been granted to the canners of any State, however, OPA must have been assured that at least a majority of the canners in the State have paid, since January 1, 1943, WLB approved wage increases. In the case of formula priced items (canned fruits and vegetables other than those listed above) an individual canner may apply for and receive from OPA authority to adjust his prices if he has paid WLB approved wage increases since January 1, 1943, and if at least 50 per cent of the pack of each item affected was canned at the increased wage rate.

Thus, any canner who has paid WLB approved wage increases since January 1, 1943, and who has not already been granted authority to adjust his prices (i.e. operating in States other than the 20 listed) may appeal to OPA before November 25 for authority to adjust his prices. His appeal must include the information set forth in the OPA release of November 12. It is indicated that the OPA action on such applications will follow the policy set forth above.

Wage increases paid pursuant to the October 18 order under the Fair Labor Standards Act are another basis for appeal for price adjustments under the OPA release of November 12. No price adjustments have been authorized to cover these wage increases. Only those canners who have since October 18 increased minimum wages to 40 cents an hour are eligible. Such canners should make their appeal in accordance with the provisions set forth in the OPA announcement of November 12. The OPA policy in handling such appeals will, no doubt, follow that laid down for consideration of appeals under the WLB approved wage increases outlined above.

Price Adjustments for Other Products

OPA has not yet authorized adjustments for approved wage increases for certain other processed foods. The maximum price regulations governing such processed foods do not include a provision for price adjustments to cover approved wage increases. The OPA announcement of November 12 sets forth the conditions under which a packer processing any of these items may appeal to OPA for authority to adjust prices. Examples of these products are preserves, jams and jellies, brined and pickled products.

It should be emphasized that appeals will be accepted by OPA only from individual canners even though OPA may in the case of flat priced items, grant approval on a group or State basis, and only after at least a majority of the canners in the State affected have

submitted their appeals in accordance with the provisions set forth in the November 12 announcement.

It is understood that all appeals now pending should be re-submitted before November 25 unless the pending appeal contains all the information requested by the November 12 announcement and in the form prescribed by that announcement.

Amendments Change Wholesale, Retail Mark-up Regulations

The Office of Price Administration, on November 16, announced the following changes in the fixed mark-up regulations under which wholesale and retail grocers determine their maximum selling prices:

(1) In determining their maximum selling prices for canned blackeye peas, crowder peas, cream peas and field peas, wholesalers and retailers will henceforth use the mark-ups provided for canned vegetables and vegetable juices other than corn, green and wax beans, peas, tomatoes and tomato juice. These specialties previously have taken the mark-up provided for canned peas. They do not move as rapidly in commerce, however, and bear no commercial relation to regular peas, it was stated by OPA. The new mark-ups are slightly higher than those previously in effect.

(2) Dried fruits of the 1943 pack are treated as a new commodity, to which the merchants will apply the mark-up already provided for dried fruits in the regulation. This will eliminate the necessity of processors formally notifying the wholesalers and retailers of permitted increases in processor maximum prices over the 1942 pack. Without this action, such formal notification would have been necessary before the wholesalers and retailers could refigure their maximum prices.

The above action was taken through OPA's Amendment No. 5 to Maximum Price Regulation No. 421; Amendment 9 to MPR 422; and Amendment 10 to MPR 423, all of which became effective November 20.

King H. Weeman Dies at 43

Funeral services were held November 13 for King H. Weeman, 43, treasurer of the Shawano Canning Company, and 1943 vice president of the Wisconsin Canners Association, who died November 11 at his home in Shawano. Mr. Weeman had been active in the management of the Shawano plant until he became ill three months ago. He is survived by his widow, two sons, his parents—Mr. and Mrs. King Weeman, a brother and a sister.

Frozen Fruit and Vegetable Stocks Held in Cold Storage

Stocks of frozen fruits in storage on November 1, 1943, totaled 241,267,000 pounds, against 223,965,000 on October 1, 1943, and 221,727,000 on November 1, 1942, according to the Food Distribution Administration. Frozen vegetable stocks on November 1, 1943, were 190,283,000 pounds against 165,209,000 on October 1, this year and 115,810,000 on November 1, 1942. The following table furnishes details by commodities:

FRUITS	Nov. 1, 1942	Oct. 1, 1943	Nov. 1, 1943
	1,000-lbs.	1,000-lbs.	1,000-lbs.
Blackberries.....	8,690	13,963	12,307
Blueberries.....	7,454	13,034	14,026
Cherries.....	40,081	23,237	24,172
Young and similar berries.....	6,229	5,872	5,921
Raspberries.....	19,562	19,900	18,963
Strawberries.....	45,804	31,117	29,481
Other fruits.....	56,259	73,499	91,495
Classification not reported.....	37,698	41,343	44,870
Total.....	221,727	223,965	241,267
VEGETABLES			
Asparagus.....	6,863	4,887	5,792
Beans, lima.....	21,017	8,620	13,199
Beans, snap.....	10,659	15,383	15,347
Broccoli, green.....	976	1,104	1,309
Corn, sweet.....	9,168	14,177	18,276
Peas, green.....	44,991	54,516	50,835
Spinach.....	5,471	7,569	9,884
Other vegetables.....	6,333	10,301	20,001
Classification not reported.....	10,332	48,732	55,880
Total.....	115,810	165,209	190,283

Dried Apricots for Hospitals

Present plans of the War Food Administration call for the distribution of 1,000 tons of the 1943 dried apricot pack to civilian hospitals in the United States. This distribution is the only civilian use of dried apricots that will be made, it was stated. The rest of the apricot pack is reserved for military use.

Hospitals will receive an allotment out of the 1,000 tons upon making application to the Food Distribution Administration, according to the plan. The quantity allotted will be determined by the size of the hospital. It is estimated that 1,000 tons of apricots will give hospitals about the same supply they had in 1942.

Maine Canners Meeting Date

The annual meeting of the Maine Canners Association will be held at the Eastland Hotel, Portland, on December 2.

PURPOSE AND FINDINGS OF ASSOCIATION'S STUDIES OF THE EFFECT OF FREEZING ON CANNED PRODUCTS

In connection with studies made by the Research Laboratory and Home Economics Division on the effect of freezing on the wholesomeness of canned foods and their suitability for use, questions recently have been raised as to the application of results of these studies to problems in the transportation and storage of canned products. One question concerns particularly the use of refrigerator cars.

Every year the Laboratory receives inquiries as to whether canned foods that have been frozen are fit for consumption and it has always advised that, so long as the can does not leak, the freezing and thawing of the contents can not develop any deleterious substances.

In 1930 the Laboratory carried on a few tests on the effect of freezing of canned foods, which showed that freezing solid does not cause the can to leak, that many canned foods do not show any change in appearance, texture or flavor, but that canned foods containing cooked starch show noticeable change in physical structure and appearance. The results of these tests were included in the Annual Report of the Washington Research Laboratory for 1930 and were published in the convention numbers of the canning trade papers early in 1931.

In 1942 the Quartermaster Corps asked the Laboratory for more specific information on the possible effects of freezing on the utilization of canned foods by the armed forces. A more extensive investigation was then made by H. R. Smith of the Washington Research Laboratory and Miss Katherine Smith of the Association's Home Economics Division. Results of this study were incorporated in a scientific paper, "The Effect of Freezing on the Quality of Canned Foods," which is scheduled to appear in the November-December issue of *Food Research*. A manuscript copy of the report was sent to the Office of the Quartermaster General in Washington in June and a copy also was sent to the Transportation and Warehousing Branch of the Food Distribution Administration in response to its request for information on the effect of freezing on canned foods.

The procedure followed in making this study and the results obtained may be briefly summarized as follows:

Representative canned foods were selected, including canned fruits, vegetables, meats, fish, milk and Army rations, and these were frozen solid by storing in a sharp freezer for several

days. They were then taken out and tested in several ways with special reference to their use by the ultimate consumers.

It was found that freezing solid does not strain the can to cause leakage or loss of vacuum. Some canned foods are not changed to any noticeable extent by freezing. Canned asparagus is seriously altered in physical texture by freezing. Canned foods containing cooked starch, such as cream style corn, thickened soups, potatoes, dry beans, etc., are changed in physical form, but on heating for serving the original condition is entirely restored. Canned tomatoes and string beans are softened by freezing and other products may show adverse changes in texture.

Not all kinds of canned foods were tested. Nor were all varieties of any canned food investigated. However, it is believed that the study that has been made does show the general effect of freezing on the quality of the food in the can. Certainly it has been established that nothing injurious is formed by the freezing of canned foods and it may be asserted safely that nutrients are not affected.

In July the following letter was sent from the Washington Quartermaster's Office to the California Quartermaster Depot:

July 21, 1943.

Subject: The Effect of Freezing on the Quality of Canned Foods.

To: Commanding Officer, California Quartermaster Depot, Clay and 15th Street, Oakland, California

1. It is the opinion of this office that it is not necessary to use refrigerator cars for shipping canned fruits and vegetables, and fruit and vegetable juices at any season of the year, with the exception of canned asparagus being shipped from the Pacific Coast on the Northern route during the winter months.

2. The basis for this opinion is the copies of the attached report received from the National Canners Association.

3. This office realizes that the attached report covers only the quality of the product and not the condition of container as far as rust conditions resulting from any sweating of the cans after thawing. However, sweat conditions occur also when cans have not been frozen, and it will be necessary to continue usual inspection for that condition.

For the Quartermaster General:

L. C. WEBSTER
Colonel, Q.M.C.
Assistant

On October 1, as reported in the INFORMATION LETTER for October 5, page 7878, the Interstate Commerce Commission issued its Service Order 156 which prohibited the use of refrigerated freight cars for the shipment of canned foods until November 15, 1943. The order exempts the shipment of canned foods moving in west-bound transcontinental traffic to points in California, Idaho, Arizona, Nevada, or Utah. It also exempts westbound shipments originating in Utah and destined to California or Nevada. It prohibits, except by permit, the shipment of canned foods in giant refrigerator cars as provided in the previous order. Under exceptional circumstances or when weather conditions require the use of refrigerator cars, special or general permits for their use may be issued.

Apparently the Laboratory's studies, which were concerned solely with the effect of freezing on the fitness of canned foods for consumption, have been considered or made the basis of shipping requirements and orders and a number of inquiries have come to the Association with regard to the report it had prepared.

As pointed out by Col. Webster of the Quartermaster Corps, however, the tests made by the Laboratory did not cover the condition of the container with respect to possible rusting of the cans due to sweating. The only statement in the report referring to the subject of sweating is as follows: "There was no change at all in the appearance of the inside or outside of the containers due to freezing. (Sweating of the cans and labels when brought from the freezing room has been disregarded in these tests.)"

In his letter Col. Webster stated that: "Sweating conditions occur also when cans have not been frozen." It may occur whenever and wherever moist air reaches cans that are several degrees colder than the air. This is apart from actual freezing of the canned foods, except that cans that are frozen are so cold that sweating is more likely to take place. The basic causes of sweating are well known.

The Association makes this statement concerning the Research Laboratory's study and findings because reports have been circulated that instructions and regulations with respect to the use of refrigerator cars are based upon the Laboratory's findings and recommendations.

Reprints of the article that is to appear in *Food Research* have been ordered and should be available shortly after the first of the year.

CEILING PRICES SET FOR CANNED APPLES AND PRODUCTS

Formula System Is Used in Regulation Covering Packed Apples, Sauce, Juice and Sweet Cider

Maximum processor prices were established November 15 by the Office of Price Administration for 11 apple products at levels substantially above those for the same products in 1942. They are contained in Maximum Price Regulation 493, which became effective on November 16. Copies of the regulation have been mailed by the Association to all apple canners.

The new maximum prices for seven of these commodities—dried apples, boiled cider, bland apple syrup, vinegar stock, depectinized concentrated apple juice, concentrated cider and filtered concentrated apple juice—were set on a nation-wide dollars-and-cents basis. The new maximum prices for the other four—packed apples, applesauce, packed apple juice and sweet cider—were established on a formula basis.

The increases reflect the return to the grower which has been recommended by the War Food Administration and approved by the Director of Economic Stabilization, it was stated.

The pricing operations for packed apples, applesauce, apple juice and sweet cider are specified in Section 9 of MPR 493, text of which follows:

SECTION 9. Maximum prices for packed apples, applesauce, apple juice, and sweet cider, made from whole apples. (a) The processor's maximum price per dozen containers or other unit of sale, f. o. b. factory, for each item of packed apples, applesauce, apple juice, and sweet cider, made from whole apples, in sales to purchasers other than government procurement agencies, shall be figured as follows. The processor shall:

(1) Determine the base price.

First, the processor shall figure the weighted average price per dozen or other unit, f. o. b. factory, for the item being priced during the first 60 days after the beginning of the 1941 pack. (This average price will be called the base price.) "Weighted average price" means the total gross sales dollars charged for the item divided by the number of dozens of containers or other units of sale sold. All sales made in the regular course of business during the base period (first 60 days after the beginning of the 1941 pack) shall be included, regardless of the date of delivery, except sales contracts made with government procurement agencies. Sales contracts made at times other than during the base period shall not be included, even though delivery was made during the period.

(2) Adjust the base price.

Next, the processor shall multiply the base price by 1.10.

(3) Subtract the 1941 raw fruit cost.

The processor shall then subtract from the result of this multiplication the 1941 weighted average raw fruit cost per dozen or other unit of the finished product delivered to his customary receiving point. This is figured by dividing the total amount paid for apples of the 1941 crop used in processing the product by the total number of tons or other units of the raw fruit purchased, all converted into cost per dozen or other unit of the finished product.

(4) Add the 1943 raw fruit cost.

Next, the processor shall add the 1943 weighted average raw fruit cost per dozen or other unit of the finished product. The amount to be added shall be figured as follows. The processor shall:

(i) Divide the total amount paid for apples of the 1943 crop used in processing the product (delivered at his customary receiving point) by the total number of tons or other units of the raw fruit purchased. However, in making this calculation, the processor shall figure on the basis of not less than 75 per cent of his total purchases of the 1943 crop, and he shall not include amounts paid in excess of the respective amounts shown in the following tables:

	In computing his average costs he may not include more than this price per cwt.—	
	Class A varieties	Class B varieties
Grades:		
Above U. S. No. 1 cannery grade, 2½ inch and up (and "C" grade as established under Washington and Oregon State grades).....	\$3.10	\$2.50
U. S. No. 1 cannery grade, 2½ inch and up (and "C" grade as established under Washington and Oregon State grades).....	3.10	2.50
U. S. No. 2 cannery grade, 2½ inch and up.....	1.65	1.50
Apples which grade less than U. S. No. 2 cannery grade (Ciders).....	1.00	1.00

"Class A Varieties" means the following varieties:

New York—Baldwin, R. I. Greening, Northern Spy, Twenty-ounce, Northwestern Greening, Grimes Golden, Stayman, King and Stark.

Pennsylvania, Maryland, West Virginia, and Virginia—York Imperial, Stayman, Golden Delicious, and Grimes Golden.

Oregon and Washington—Golden Delicious, Winesap, Spitzenberg, Arkansas Black, Newtown, Rome Beauty, Stayman, Ortley and Jonathan.

California—Gravenstein, Bellflower, Newtown, Baldwin, Northwestern Greening, Rhode Island Greening, Arkansas Black, Black Twig, Jonathan, Golden Delicious, Rome Beauty and Spitzenberg.

All other States—Golden Delicious, Northern Spy, R. I. Greening, Grimes Golden, Stayman, Rome Beauty, Baldwin, Wegener,

Northwestern Greening, Twenty-ounce and Stark.

"Class B varieties" means all other varieties of apples used for processing.

If the processor makes this product, in computing his average costs he may not include more than this price per cwt.—

Packed apples and applesauce..... \$3.10
Packed apple juice..... 1.65
Sweet cider..... 1.00

(ii) Divide the figure obtained by making the calculation in paragraph (i) by the weighted average cost, per ton or other unit of the raw fruit, of apples of the 1941 crop used in the product (delivered to his customary receiving point).

(iii) Multiply the figure obtained by this division by the 1941 weighted average raw fruit cost per dozen or other unit of the finished product (the figure which was subtracted under paragraph (3) above).

(5) Adjust for approved increases in wage rates.

Finally, the processor shall make a further adjustment for those factories which are located in the States listed below in Section 14, if they are subject to increased wage rates approved by the War Labor Board. The method of figuring this adjustment is set forth in that section.

Example: (1) Assume that the processor has figured a base price for packed apples of \$1.80 per dozen.

(2) Multiply this figure by 1.10, which results in a figure of \$1.98 (this is the processor's base price as adjusted under subparagraph (2)).

(3) If the cost for apples in 1941 converted into units of the finished product was 60 cents a dozen, subtract 60 cents from \$1.98, which results in a figure of \$1.38.

(4) To this figure add the 1943 raw fruit cost per dozen containers, which is figured as follows: If the processor's average cost for apples used in processing packed apples in 1941 was \$1.00 per cwt. and in 1943 was \$2.50 per cwt., divide \$2.50 by \$1.00, which results in a figure of 2.5. Multiply this figure by the 1941 cost per dozen for packed apples (60 cents multiplied by 2.5 equals \$1.50). \$1.50 is the processor's raw fruit cost per dozen containers for the 1943 crop of apples. This figure added to the result of the subtraction in (3) is the processor's maximum price. (\$1.38 plus \$1.50 equals \$2.88.)

(5) If the processor has incurred a wage rate increase which meets the requirement of section 14, multiply the maximum price by

the figure indicated in that section for the state where the factory is located and for the product. (\$2.88 multiplied by 1.03 equals \$2.9664.)

(b) The grower-processor (including the grower-owned cooperative) shall figure his maximum price for any item covered by this section by using the pricing method set forth in paragraph (a), except that in making the adjustments required in subparagraphs (a) (3) and (a) (4), he shall subtract from the result of the multiplication made under subparagraph (a) (2) the 1941 weighted average raw fruit cost of his most closely competitive processor who purchases apples (for use in making the product) and add to the difference so obtained the 1943 weighted average raw fruit cost of the same competitor (both per dozen or other unit of the finished product). "Grower-processor" means a processor who grows all the apples which he uses in making the product being priced.

The maximum prices set by MPR 493 for dried apples, which are 75 per cent above those for last year, are 36 cents a pound for U. S. Grade A rings, quarters or slices; 35 cents a pound, U. S. Grade B; 33 cents, U. S. Grade C; 25 cents, unclassified; 15 cents, chops not exceeding 20 per cent moisture content; 14 cents, chops between 20 and 24 per cent moisture content.

These figures are for processor's civilian sales. Maximums on sales to government procurement agencies are 96 per cent of the equivalent civilian sale maximum. This is true on all processor maximums on sales to such agencies.

The maximum prices established for the concentrates, which go primarily into apple base jellies, are also substantially above those for the same products last year. These new maximums are: boiled cider, 32 degrees Baume test, \$1.45 a gallon; concentrated cider, same test, \$1.55 a gallon; filtered concentrated apple juice, same test, \$1.62 a gallon; depectinized concentrated apple juice, same test, \$1.72 cents a gallon; bland apple syrup, 40 degrees or better Baume test, 17 cents a pound.

The maximum price established for vinegar stock, 17 cents a gallon (16 per cent or more alcoholic content) in container, is 70 per cent above the maximum price for last year.

As in other regulations covering maximum prices of processed fruits and vegetables, there is established in MPR 493 a table of mark-ups, allowed under specified conditions, over maximum prices where the War Labor Board has permitted wage increases effective after January 1, 1943. These apply to all 11 of the commodities.

FRUIT PRICES TO GROWER

OPA Schedule Sets Ceilings Processors May Pay for Fresh Apples, Cherries and Grapes

Maximum prices processors may pay to growers of certain fresh fruits are specified in Amendment 3 to Maximum Price Regulation No. 425, which becomes effective November 22. The provisions affect cherries, apples and grapes, but grades of apples above U. S. No. 1 Cannery, 2½-inch size, are exempted from price control in sales to processors. However, in no case can the processor list his apple cost as more than \$3.10 a hundred-weight in determining his maximum price under the formula regulations governing maximums for processed foods. Text of Amendment 3 to MPR 425 follows:

Maximum Price Regulation No. 425 is amended in the following respects:

1. Section 3 is amended to read as follows:

SECTION 3. List of maximum prices for fresh fruits sold for processing.

(a) In sales to any processor, the seller's maximum prices for the following listed fresh fruits shall be (delivered to the customary receiving point):

Variety	\$ per lb.
Cherries, red sour (including Morello cherries).....	.08½¢
Grapes, Concord ("Concord grapes" means any strain of Concord type grapes, of the purple slipskin varieties, including but not limited to Concord, Cottage, Eaton, Hartford, Hicks, Rockwood, Ives and Worden):	

	\$ per ton
New York.....	85.
Pennsylvania.....	85.
Ohio.....	85.
Michigan.....	75.
Washington.....	45.

Apples (The prices listed herein do not apply to grades of apples better than U. S. No. 1 Cannery Grade, 2½ inch size and up, and "C" grade as established under Washington and Oregon State grades.)

Grade	Class A varieties Per cwt.	Class B varieties Per cwt.
U. S. No. 1 Cannery Grade, 2½ inch size (and "C" grade as established under Washington and Oregon State grades):	\$3.10	\$2.50
U. S. No. 2 Cannery Grade, 2½ inch size (and up to U. S. No. 1 Cannery Grade, 2½ inch size and up).....	1.65	1.50
Apples which grade less than U. S. No. 2 Cannery Grade (ciders).....	1.00	1.00

"Class A varieties" as used in this regulation means the following varieties:

New York—Baldwin, Rhode Island Greening, Northern Spy, Twenty Ounce, Northwestern Greening, Grimes Golden, Stayman, King and Stark.

Pennsylvania, Maryland, West Virginia, and Virginia—York Imperial, Stayman, Golden Delicious, Grimes Golden.

Oregon and Washington—Golden Delicious, Winesap, Spitzenberg, Arkansas Black, Newtown, Rome Beauty, Stayman, Ortley, and Jonathan.

California—Gravenstein, Bellflower, Newtown, Baldwin, Northwest Greening, Rhode Island Greening, Arkansas Black, Black Twig, Jonathan, Golden Delicious, Rome Beauty, and Spitzenberg.

All other States—Golden Delicious, Northern Spy, Rhode Island Greening, Grimes Golden, Stayman, Rome Beauty, Baldwin, Wegener, Northwest Greening, Twenty Ounce and Stark.

"Class B varieties" as used in this regulation means all other varieties of apples used for processing.

"Delivered to the customary receiving point" means delivered to the processing plant, or delivered to the receiving station or assembly point where the particular buyer maintained, during the calendar year 1942, facilities for grading, weighing, repacking and loading onto the buyer's conveyance. In other words, the prices named include all transportation to that point. Any amount the buyer pays to get the goods to that point must be subtracted from the maximum price named. Any amount the seller pays to move the goods beyond that point may be added to the maximum price named.

(b) In sales to any processor, the seller's maximum prices, f. o. b. shipping point, for the following fresh fruit shall be:

Juice grapes (California juice grapes means and includes only the following varieties: Alicante, Aramon, Barberone, Burger, Burgundy, Carignane, Chianti, Cinsant, Gregano, Grenache, Juice Malagas, Malvoisie, Mataro, Mission, Muscat, Petite Bouschet, Petite Sirah, Valdepena, Zinfadel).

Juice grapes in lug boxes with a minimum net weight of 36 pounds for shipment out of California, per lug \$1.40.

Juice grapes in containers other than lug boxes with a minimum net weight of 36 pounds for shipment out of California, per pound 4¢.

2. A new section 14 is added to read as follows:

SECTION 14. Position of brokers and "finders."

Maximum prices named in this regulation include brokerage, commission charges and all selling and buying expenses. In each case, the amount paid by the processor to the broker plus the amount paid by the processor to the seller shall not exceed the seller's maximum price, plus allowable transportation actually paid by the seller or by the broker. The term "broker" includes a "finder."

This amendment shall become effective November 22, 1943.

Smith Committee Report on Executive Agencies Charges OPA Usurps Authority in Grade Labeling and Profit Control Efforts

The second intermediate report of the Select Committee to Investigate Executive Agencies was submitted to the Committee of the Whole House on November 15, by Congressman Howard W. Smith of Virginia, chairman. The foreword of the report charges that the Office of Price Administration has made an unauthorized seizure of judicial and legislative functions of the Government. In one section of the report the committee charges that OPA attempted grade labeling and standardization in the face of Congressional opposition and in another claims that it found in OPA files a planned scheme to control the profits of American industry. The committee contends that OPA has no legal right or authority under the Emergency Price Control Act to formulate such a plan or attempt to put it into effect.

There is reproduced below the foreword of the report and the sections dealing with grade labeling and control of profits:

Foreword

This committee is fully conscious of the fact that its work is being done in the midst of the greatest war in the history of mankind. It recognizes that unless victory is achieved human freedom and constitutional government as we have known them are altogether likely to be blotted out for an indefinite period of time. The committee also recognizes the necessity in the war period for the exercise of extraordinary governmental action to mobilize the economic as well as the military resources of the nation, and to direct them toward the winning of the war.

But there are right and wrong ways to accomplish these purposes.

The right way is through the operation of the legislative, executive, and judicial functions of democratic government within the confines of constitutional limitations.

The wrong way is by the usurpation of those functions by executive agencies through misinterpretation and abuse of powers granted them by the Congress and the assumption of powers not granted.

The assumption of legislative and judicial functions by an executive agency constitutes a fundamental danger to constitutional government.

In this critical era of world struggle for democracy there devolves upon the legislative and executive branches of government the very solemn and mutual duty to make democracy work efficiently, within the framework of its charter.

Congress must delegate necessary powers to the executive branch, and the

executive branch must construe and execute those powers in good faith, relying upon the Congress for an extension or enlargement of those powers which prove inadequate.

Failure to observe this simple formula is fatal to that mutual confidence that must exist between the legislative and executive branches for the successful operation of either.

Distrust of the good faith of the executive departments in interpreting the powers granted will inevitably discourage and deter Congress from delegating those powers essential to the efficient functioning of government.

The committee finds that the Office of Price Administration has assumed unauthorized powers to legislate by regulation and has, by misinterpretation of acts of Congress, set up a nationwide system of judicial tribunals through which this executive agency judges the actions of American citizens relative to its own regulations and orders and imposes drastic and unconstitutional penalties upon those citizens, depriving them in certain instances of vital rights and liberties without due process of law. This seizure of judicial and legislative functions of government by the Office of Price Administration is traced in detail in the following pages.

The committee believes that the facts here presented reveal practices which if not halted might conceivably lead to the undermining of our basic constitutional provisions for separate and independent executive, legislative, and judicial departments of government.

The exercise of extraordinary executive powers in wartime when those powers are duly granted by the legislature is one thing. The assumption of such powers by executive agencies without any such grant from the legislature is quite another.

While this report deals with specific instances in connection with the Office of Price Administration, your committee has found that similar seizures of legislative and judicial functions have been accomplished by other executive agencies, and these will be exposed in future reports.

Attempted Grade Labeling and Standardization in Face of Congressional Opposition

Section 2(b) of the act¹ is the prohibition against the powers of the Administrator to compel changes in business practices. Notwithstanding this provision, the Office of Price Adminis-

¹ The powers granted in this section shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, except to prevent circumvention or evasion of any regulation, order, price schedule, or requirement under this act.

tration has gone about at will causing changes in business practices, cost practices and distribution practices by its regulations and orders. As far back as June, 1933, a bill was introduced in Congress having for its purpose the setting up of standardization and grade labeling. Successive attempts were made both in the House and Senate to enact legislation of this character but each time the Congress rejected such proposals. Instead of the officials of the Office of Price Administration making an effort to interpret the statute in accordance with the intent of Congress, they set about interpreting the law to give them the power to require standardization and grade labeling of commodities. By the promulgation of Maximum Price Regulation No. 306 this policy was put into effect covering packed food products. Later by the promulgation of regulation 339 the Office of Price Administration required grade labeling of hosiery.

When legislation to continue the Commodity Credit Corporation Act was before the Congress an amendment was adopted to amend the Price Control Act so as to prohibit grade labeling, and with certain exceptions standardization. No legal or statutory authority has ever given the Office of Price Administration the right to require grade labeling of any commodity. It might be well to note here that under date of July 16, 1943, after Congress had taken affirmative action disapproving of grade labeling, an associate general counsel of the Office of Price Administration wrote a lengthy and detailed analysis of the amendment thus adopted, in which he said, among other things, in referring to the debate in Congress:

The discussion shows conclusively that neither the Senate nor the House understood with any exactness what the effect of the provision was.

With top officials of the Office of Price Administration entertaining the opinion that Congress lacks understanding of the legislation it has enacted, your committee ceases to wonder at the frequent misinterpretation given by that agency to its guiding statutes.

Control of Profits

The avowed purpose of the Emergency Price Control Act is to control commodity prices so as to prevent inflation and a consequent rise in the cost of living. Another objective is to prevent profiteering. The act provides:

Whenever in the judgment of the Price Administrator the price or prices of the commodity or commodities have risen or threaten to rise to an extent or in a manner inconsistent with the purpose of the act he may by regulation or order establish maximum prices.

Only in this event, to wit: When there is a rise or threatened rise, is there any authorization for the Administrator to

impose price control and in no place in the act is there any authorization for inclusive profit control. Notwithstanding the plain provisions of the act, your committee has found, in examining the files of the former general counsel of the Office of Price Administration, a well devised and planned scheme to control the profits of American industry by freezing them at the level earned by such industry during the period 1936-39, irrespective of whether or not there had been an increase or threatened increase in the price of a particular manufactured commodity. The plan thus formulated and proposed by the Office of Price Administration, contrary to the statute and plain intent of Congress, not only provided control of profits where there had been no rise or threatened rise, but also provided that the profits should be determined before taxes. Just how profits can be determined before taxes, particularly in view of the fact that our tax laws are changed almost yearly, your committee is unable to understand, but regardless of this fact, the statute does not give the Administrator any right to fix the price of any commodity unless there has been a rise or threatened rise in such commodity. Your committee subscribes to and recommends the view that tax laws regularly devised and enacted by Congress are the only proper means by which profits should be controlled. The Office of Price Administration has no legal right or authority to formulate such a plan or attempt to put such a plan into effect.

Retail Cabbage Ceiling Raised

An increase from 2.0 to 3.2 cents a pound in the maximum price of cabbage in sales to retailers, institutional users and government procurement agencies in the States of California, Idaho, Arizona, Utah, New Mexico, Nevada, Wyoming, North Dakota, South Dakota and Nebraska has been announced by the Office of Price Administration.

The action was taken through Amendment No. 10 to Maximum Price Regulation No. 426, effective November 15.

The slightly higher price is designed, OPA said, to put cabbage in the grocers' bins in what have proved to be shortage areas.

New Wisconsin Officers

Following are the 1944 officers of the Wisconsin Cannery Association, named at their recent annual meeting: President, Robert Baker, Dundas; vice-president, Leo J. Weix, Oconomowoc; secretary, H. J. McCarthy, Brownsville; treasurer, N. J. Lau, Hartford. Marvin P. Verhulst continues as executive secretary.

Lend-Lease Food Exports

Lend-lease exports of canned fish during the first nine months of 1943 amounted to 163,300,000 pounds, according to the Foreign Economic Administration. Assuming that the supply for the first nine months of the year is nine-twelfths of the total estimated supply for the entire year, the canned fish exports for the first three quarters were 21.2 per cent of the supply for that period.

Shipments of canned fruits and juices in the nine-month period were 84,200,000 pounds, or 2.5 per cent of the supply; canned vegetables, 59,100,000 pounds, or 1 per cent of the supply; condensed and evaporated milk, 441,500,000 pounds, or 14.3 per cent of the supply.

Deferment of Technologists

Men of military service age in professional, technical, and scientific work in war production or a war-supporting activity may be assured that review of their cases involving questions of occupational deferment may continue to be made by National Roster of Scientific and Specialized Personnel in Washington, the War Manpower Commission said November 15.

Instructions for the referral of the cases of such registrants to the United States Employment Service before they are ordered to report for induction have been given to all Selective Service local boards, it was pointed out. This procedure is outlined in Local Board Memorandum No. 115-B, referring to the 149 critical occupations listed by WMC.

USES will be given the registrant's name and a description of his current employment, together with a statement of his skills and qualifications, if the local board places him in Class I-A and no appeal is taken, or if the appeals board continues him in Class I-A. USES then has 30 days in which to make its certification as to the registrant's qualifications and the essentiality of his employment.

If a local USES office is uncertain as to professional qualifications or importance of work being done by a registrant who gives his occupation as "chemist," "engineer," "oceanographer," "plant pathologist," "agronomist," etc., it will consult Washington headquarters of the National Roster of Scientific and Specialized Personnel, Bureau of Placement, War Manpower Commission. National Roster officials say they can give advice on such cases within 24 hours after receiving the request.

DRY BEAN AND PEA ORDER

Amendment to Ration Provisions Covers Purchase and Transfer of Items

A number of technical changes in the processed foods rationing order affecting the purchase and transfer of dry beans, peas, and lentils have been made by the Office of Price Administration through the issuance of Amendment No. 86 to Ration Order 13, which became effective November 17. That such an amendment was forthcoming was indicated in last week's INFORMATION LETTER. The amendment makes the following changes in the order, but does not affect the consumer rationing program of the commodities involved:

1. Country shippers may acquire dry beans, peas, and lentils not only from growers or other country shippers, as previously provided in the order, but from any person who has them to sell. When these foods are acquired from persons other than growers and country shippers they require the surrender of ration points.

2. By a similar change, processors of dried prunes or raisins may acquire these items from any available source, but must give up ration points when obtaining them from persons other than growers or dehydrators.

3. Persons who mark containers of dry peas, beans and lentils for seed, but make no industrial use of them, are not "industrial users" according to OPA's definition, and need not register as such.

4. Wholesalers and retailers who sell peas, beans, and lentils for seed directly to the planter will recover the point value of these items as of the time of their sale rather than their point value at the time of replacement.

5. The list of processed foods is amended to specifically include dry pre-cooked beans, peas, and lentils, with or without added dry or dehydrated condiments. This represents a technical change and does not affect the rationing program.

6. The definition of processor is expanded and now includes a person who precooks peas, beans, and lentils and then dehydrates them.

7. A country shipper is not a retailer under the processed foods ration order because of his transactions in dry beans, peas, or lentils. However, he is not prevented from selling dry peas, beans, and lentils to consumers.

New Officers for Michigan

The newly elected officers of the Michigan Cannery Association are: President, Robert Payne, Eau Claire; vice-president, William Kinnaird, Traverse City; secretary-treasurer, L. F. Kimmel, Paw Paw.

GROWER CITRUS CEILINGS

To Be Included in Forthcoming Price Regulation Covering Fruit at Wholesale and Retail

Retail ceilings for citrus fruits will be reduced under terms of a regulation shortly to be issued by the Office of Price Administration, it was announced November 18. At the same time, growers will be permitted a return somewhat higher than last season, OPA stated. These ceilings will reflect the following maximum returns per box to the grower for fruit on the tree:

	Ceilings	
	New	Old
Fla. and Texas oranges.....	\$2.41	\$2.13
Calif. and Ariz. oranges.....	2.85	2.63
Fla. and Texas grapefruit.....	1.64	1.54
Calif. and Ariz. grapefruit.....	1.95	1.67
All lemons.....	3.28	3.03

The new regulation will set the maximum mark-up for wholesalers in terms of dollars and cents per box. This will replace the method used last season where the maximum mark-up was expressed as a percentage over cost, and will prevent the pyramiding of margins. At the same time the new margins will be held more nearly in line with those customarily prevailing in the trade prior to price control.

Retail ceilings will be expressed in terms of cents per pound, rather than cents per dozen.

The new retail ceilings will be based on additions of the following specific allowance per box in the handling of fruit from the orchard to the retail store:

	Oranges	
Pick, pack and sell.....	\$1.20	
Freight and refrigeration.....	1.05	
Wholesaler's mark-up.....	.75	
Retailer's mark-up.....	1.75	
	Grapefruit	
Pick, pack and sell.....	\$1.05	
Freight and refrigeration.....	1.00	
Wholesaler's mark-up.....	.65	
Retailer's mark-up.....	1.35	
	Lemons	
Pick, pack and sell.....	\$2.10	
Freight and refrigeration.....	1.35	
Wholesaler's mark-up.....	.90	
Retailer's mark-up.....	2.50	

The announcement by OPA was made after the fullest discussion with representatives of the industry and of the War Food Administration, all under the supervision of the Director of Economic Stabilization, who gave his full approval to the plan and instructed OPA and WFA to work together to carry it out.

Approving the pricing pattern, Judge Vinson directed that, if it should appear that the existing distributive system is being circumvented by direct

buying or other devices, WFA should be prepared to issue mandatory orders or develop a licensing plan for shippers to prevent circumvention or evasion or disruption of the present distributive system.

Sugar Allotment Is Made for Grapefruit Segment Freezers

The Office of Price Administration has made sugar available to freezers of grapefruit sections at the rate of one pound of sugar to each five pounds of fruit, through the issuance of Amendment No. 102 to Ration Order No. 3, which became effective November 18. That such action would be taken was reported in the INFORMATION LETTER for November 6.

The amendment permits the packaging of frozen grapefruit segments only in containers of less than 30 pounds. It is expected that for consumer use the product will be packed largely in wrapped packages of 16 ounces, OPA stated.

Citrus Ceilings Are Extended

To assure the normal movement of the citrus fruit crop, pending a revision of the price regulation covering this commodity, the Office of Price Administration on November 15 extended the maximum prices that have been in effect since the beginning of the season.

These prices had been scheduled to be replaced after November 15 by lower ceilings to reflect the seasonal drop in price that normally takes place at this time. This action, taken through Amendment No. 6 to Maximum Price Regulation 202, which became effective November 16, was taken pursuant to a directive issued November 15, by Economic Stabilization Director Fred M. Vinson following a joint recommendation by OPA and the War Food Administration.

This is an interim price adjustment, OPA said, designed to facilitate the orderly distribution of citrus fruits at prevailing prices. When the citrus fruits regulation is revised, OPA said that historical price differentials prevailing during different seasons of the growing and marketing year will be given full effect.

The fruits affected are oranges, tangerines, Temple oranges, King oranges and grapefruit.

Effects of Required Use of Empty Refrigerator Cars

The increased use of empty westbound refrigerator cars for the shipping of various manufactured commodities to the Western States constitutes one of the major factors in the ability of the railroads to handle an increased volume of war traffic, the Office of Defense Transportation said November 15.

Reporting on the effect of Interstate Commerce Commission Service Order No. 104, which requires railroads in the Central and Eastern sections of the country to substitute up to three refrigerator cars for one box car for shipments of suitable commodities to California and other Western States, the ODT reported that during October, 11,777 loaded refrigerator cars moved to the Pacific Coast as contrasted with 5,454 during January, the month in which the order became effective on a permissive basis. This represented an increase of 6,323 cars, or approximately 115 per cent.

The ODT also pointed out that there has been a marked increase in the loading of refrigerator cars since the order was made mandatory September 1. Reports show that westbound refrigerator car loadings increased from 7,892 in August to 9,264 in September and 11,777 in October.

The decision to permit the substitution of refrigerator cars for box cars in the westbound movement was taken, ODT officials said, in an effort to increase the westbound use of empty refrigerator cars and to utilize the only large remaining reservoir of unused freight car capacity. They further explained that the movement of fresh fruits and vegetables from the Pacific Coast brings a large number of refrigerator cars to the Eastern part of the country. These cars normally return empty while, at the same time, the large movement of war materials to the West Coast results in an accumulation of empty box cars in that territory.

Pork and Gravy Ceiling

A maximum price was established by the Office of Price Administration for canned pork and gravy, now being produced for sales to the armed forces.

The maximum price—\$40 per hundredweight, packed in 30-ounce cans—was calculated on the basis of the cost of the raw materials, and is specified in Amendment No. 13 to Maximum Price Regulation No. 148.

Apple Inspection Requirement for Washington and Oregon

All apples used by authorized processors in certain designated areas in Washington and Oregon, or apples produced in these areas and used by authorized processors elsewhere must be inspected by the Federal or the Federal-State inspection service, under Food Distribution Order 83.3 which became effective November 16. This is the first order under the authority granted the Director of Food Distribution, which was reported in last week's INFORMATION LETTER.

Previously, only apples shipped from or to points within the designated areas in the two States for the fresh market were required to be inspected.

Areas affected by the regulation include the following counties in Washington—Yakima, Benton, Kittitas, Walla Walla, Chelan, Okanogan, Columbia, Grant, Douglas, Stevens, Spokane, Skamania, Klickitat and Asotin; and the following counties in Oregon—Hood River, Wasco, Umatilla, and Union.

Sugar Increase for Retailers And Wholesalers Is Continued

Increased allowances in sugar inventories, permitted wholesalers and retailers on a temporary basis through November 15, will be maintained indefinitely, the Office of Price Administration has announced.

The temporary increases were originally allowed by OPA to take care of the anticipated demand for sugar for home canning, and later were continued in effect to supply the heavier supplemental rations allowed to bakeries, confectioners and other "industrial" users.

Since the industrial use continues heavy and at the same time transportation difficulties make it important that adequate stocks of sugar be kept in the hands of both wholesalers and retailers, the increased allowances for inventories will be continued indefinitely under the terms of Amendment No. 103 to Ration Order 3, effective November 15. They may, however, be cancelled by OPA on 30 days' notice if such action should become necessary.

Tentative Ozark Dates

The Board of Directors of the Ozark Cannery Association has tentatively set January 27 and 28 as the date for the 37th annual convention of that association.

Congress Debating CCC Bill

Under an open rule permitting consideration of any amendment germane to the bill, the House, on November 18, started two days of general debate on the so-called anti-subsidy measure reported favorably by the Banking and Currency Committee on November 8. Basically, the bill is for the purpose of continuing the Commodity Credit Corporation until June 30, 1945. Following the conclusion of general debate, the bill will be open to amendment, with House passage expected on November 20. The anti-subsidy provisions of the bill, as reported to the House, were printed in the INFORMATION LETTER of October 16 and summarized in last week's LETTER.

California Sardine Report

Estimated figures on tonnage of sardines delivered to California processing plants and cases of sardines packed during the current season to November 13 inclusive, as reported by the California Sardine Products Institute, are as follow:

TONNAGE:	Tons
San Francisco Bay.....	99,996
Monterey.....	96,849
Southern California.....	56,783
Total.....	253,628

PACK:	Cases
Can sizes:	
1-lb. ovals.....	658,637
1-lb. talls.....	739,756
1/4-lb. fillets.....	11,435
1/4-lb. round 96's.....	55,999
5-oz. 100's.....	6,996
Miscellaneous.....	28,750
Total.....	1,501,482

FTC Report on Distribution

The Federal Trade Commission submitted to Congress on November 11 a report entitled "Distribution Methods and Costs, Part I—Important Food Products."

Part I of the report presents data on the methods and costs of distributing biscuits and crackers, bread, coffee, flour, milk and milk products, packaged cereals, cane and beet sugar, canned fruits and vegetables, fresh fruits and vegetables, and meat.

The report has not been printed and, therefore, is not available for distribution. However, a typewritten copy is available for inspection at Room 408, Federal Trade Commission Building, Washington, D. C.

FERTILIZER PRICE CEILINGS

Dollars-and-cents Schedules Established for All Grades of Mixed, Potash And Superphosphate

Dollars and cents maximum prices were established November 17, by the Office of Price Administration, for every grade of mixed fertilizer, superphosphate and potash whose manufacture and sale is permitted by the War Food Administration. In announcing its second Revised Maximum Price Regulation 135, by which this is accomplished, OPA stated that its provisions wipe out inequalities between various grades and various sellers of fertilizers, since the former method of price control had been to freeze the individual prices of each seller on a base period formula.

No price changes of any real importance have been made in fixing the new price schedules, which become effective on or after November 23 at the option of the individual manufacturer, but not later than January 1, 1944, OPA stated. Ceilings are maintained approximately at the same average level as those which prevailed during the base pricing period in February, 1942.

The revised regulation, however, established all prices at the consumer level and substituted them for the former requirement that fertilizer manufacturers calculate prices on their wide variety of grades on their base period prices with percentage mark-ups for some areas.

The 18 geographical pricing areas set up for domestic sales of mixed fertilizer, superphosphate and potash vary slightly from those designated in the original regulation. They now more closely adhere to selling areas long recognized by the industry.

Each of these areas now is supplied with a single schedule of specific dollars-and-cents prices and delivery requirements. Trade discounts established for these areas coincide with those which the fertilizer industry always has observed.

Ceiling prices set under the new regulation are prices to consumers, whether the fertilizer is sold to them by a manufacturer or dealer. This leaves the manufacturer free to sell to dealers or through his own agents at whatever price below the specified consumer's maximum price the manufacturer and his dealers or agents may agree to, OPA explained.

CONTINGENCY RESERVES

(Concluded from page 7943)

the contingency stocks will not be needed for the Army, and in view of the urgent need for civilian consumption, they are being released to canners for sale to their civilian trade.

From time to time during the past year certain areas in the United States have complained to the War Food Administration and the Rationing Branch of the Office of Price Administration that they could not buy sufficient canned foods to satisfy their needs. These government agencies asked the National Canners Association to assist them in obtaining the needed supplies. It has been pointed out to these agencies that their requests, for the most part, came after canners had prorated to their respective buyers all of the pack that would be available for civilian sales. The Association has, however, informed canners from time to time regarding these requests, and it is understood that many of these deficit areas have obtained a part of their requirements.

Recently some of these, as well as other, areas were listed by WFA as deficit areas. The Association has suggested that the requirements for the areas now listed as deficit can best be fulfilled by giving them first call on the contingency reserves when released.

In the War Food Administration's authorization to the Army to release the contingency reserves of these products to canners for sale to their civilian trade, no strings were attached. That is, the canner on receiving the release may sell to any buyer he chooses. The War Food Administration, however, urgently requests canners to assist them in trying to supply these deficit areas with much-needed canned foods, and, therefore, suggests that canners offer these contingency reserves first to only those of their buyers who, at the time the offer is made, have less than a 60-day supply on hand. It is believed that if this general policy is followed most of the buyers situated in deficit areas will be taken care of insofar as the distribution of the contingency reserves is concerned.

The release of these contingency reserves is not to be confused with the recent release of grapefruit juice from the 1942-43 pack. This grapefruit juice was a direct purchase by the Government, not a contingency reserve, and is being offered back to canners at prices which will permit resale at ceiling prices. Of course, as soon as any of these stocks are taken by canners they too may be offered to buyers having low inventories.

Farm Equipment Restrictions

Additional restrictions against selling farm equipment for non-farm use except on a rated order of AA-4 or higher were made November 15 by the War Production Board in a revision of L-257, the farm machinery order.

New provisions of the order prevent dealers from selling rationed farm equipment from stock, except in specified cases, such as Army and Navy orders. Purpose of the order is to prevent diversion of scarce equipment designed for farmers.

Meaning of "Delivery" in Sales To Government is Clarified

To clear up confusion in the trade as to what constitutes "delivery" in sales to government procurement agencies, for purposes of a 10-day cash discount of 1½ per cent, the Office of Price Administration, on November 16, defined that word in amendments to regulations controlling the prices of canned fish. The amendments are No. 1 to Supplementary Order No. 75; No. 3 to Maximum Price Regulation No. 184 (Sales by Canners of Maine Sardines); and No. 2 to MPR No. 396 (Sales by Canners of Atlantic Sea Herring and Alewives). All three amendments become effective November 22.

OPA previously had ruled that maximum prices to government procurement agencies were 97½ per cent of those established for processors' sales into civilian distributive channels. The additional 1½ per cent could be deducted, as is normal, for payment within 10 days of delivery. The confusion had arisen around this point.

By these amendments, OPA has ruled that "delivery" in this case meant the date upon which a properly authenticated claim is presented to the designated office of the government procurement agency involved.

Status of Pie Fruit Mixes

The Office of Price Administration made it clear that certain types of pie fruit mixes which are used as pie fillings have not been placed under rationing along with jams, jellies and preserves.

To clear up some confusion regarding the status of pie fillings, OPA specifically excluded those fillings which are made "with or without fruit flavoring, containing corn starch, flour, gelatin or other similar thickening agent other than pectin."

Generally speaking, pie fillings falling within this definition are not suitable

substitutes for jams, jellies and preserves. Accordingly, it is not necessary to place these products under rationing in order effectively to ration jams, jellies and preserves, OPA explained.

However, some fruit mixes that may be used as pie fillers and which do not contain corn starch or other similar thickening ingredients may actually be an imitation jam or jelly and are used as such. Because of the shortage of jams and jellies these so-called imitation types must be rationed along with the other types, it was stated.

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